VICTOR GROUP
Enterprise Management

Victor Group Holdings Limited

Appendix 4E

Preliminary Final Report

For the year ended 30 June 2019

VICTOR GROUP
Enterprise Management

APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Commentary on Full Year Results

The Directors of Victor Group Holdings Limited ("Victor Group" or "the Company") and its controlled entities ("the Group") hereby present the Company's Appendix 4E – Preliminary Final Report, as an update to its Shareholders and the market on the results achieved for the financial year ended 30 June 2019, the Group's financial reporting period being 1 July 2018 through 30 June 2019.

The Victor Group has realised an after-tax profit of $191,569 for the reporting financial year. The Company's cash and cash equivalents reserves increased to $1,374,909 (2018: $498,822).

About Victor Group Holdings Limited

Victor Group Holdings Limited is the parent company of Synergy One Holdings Limited (a company incorporated in Cayman) which in turn has wholly-owned subsidiaries incorporated in the British Virgin Islands("BVI"),"Hong Kong" (" HK") and the People's Republic of China (" PRC"); Concord Orient Limited (a company incorporated in BVI) which in turn has wholly-owned subsidiaries incorporated in HK and PRC. Together, these companies make up the Victor Group.

The Victor Group is a consulting firm specialising in providing enterprise management services across the strategy and organization value chain with particular focus on identifying diversification opportunities, the development of new marketing channels and identifying strategies for maintaining stability of key resources. Since 2017, through Jiangsu Wenhan Information Technology Co., Limited (a wholly-owned subsidiary incorporated in PRC), it has also operated cloud-enabled smart education platforms. The Group's services extend across political, financial, legal, technological and behavioural. The Group has continued to expand its existing business to various economic development zones in China through the internet.

The Victor Group continues to maintain education cloud platforms that connect with online learning spaces and intelligent terminals to provide users with various support functions for teaching, learning, research, administration and social interactions. The focus continues to be on the integration of information technologies and learning.

APPENDIX 4E

PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The following information is given to ASX under listing rule 4.3A.

1. Reporting period

Current Period 12 months ended 30 June 2019

Prior Period 12 months ended 30 June 2018

2. Results for announcement to the market

Consolidated Group	**12 Months 30 June 2019 A$'000**	**12 Months 30 June 2018 A$'000**	**% change**
Revenue from continuing operation	9,021	6,123	47%
Revenue from discontinued operations	-	-	-
Total revenue from ordinary activities			
Net profit (loss) before tax *(continued and discontinued operations)*	923	1,413	(35%)
Net profit (loss) from continuing operations after tax attributable to members	394	1,363	(71%)
Net profit (loss) from discontinued operations after tax attributable to member	(203)	(586)	(65%)
Total net profit (loss) from ordinary activities after tax attributable to members	191	777	(75%)
Dividend			
The company did not declare 2018 final dividend. The company has not declared 2019 final dividend.			
Record date for determining entitlements to the dividend	N/A		

<u>Overview</u>

Victor Group Limited was incorporated in Australia on 11 September 2013 and listed on the Australian Securities Exchange ('ASX') on 9 May 2014.

The principal activity of the Group during the 2018-2019 financial year has been to provide IaaS service and technical consulting devices to customers, building and operating cloud-based education platforms, by offering a wide range of solutions for educational institutions, students and parents.

VIG continues to be committed to delivering and developing EdTech-based services with innovative solutions with the aim of becoming China's best builder and operator of smart education platforms and extending the knowledge and where applicable, applications to the Australian educational environment.

The Group currently operates in one geographical segment, being the People's Republic of China.

This financial report includes the consolidated financial statements and notes to the financial statements of the Consolidated Group. Victor Group Limited was incorporated on 11 September 2013 and listed on the Australian Securities Exchange ('ASX') on 9 May 2014. The company is incorporated and domiciled in Australia.

Overview of results

For the year ended 30 June 2019 sales revenue increased by $2,897,595 and the net profit after tax has decreased by $585,574 as compared to the prior year.

The net assets of the consolidated group have decreased by $272,591 from $11,098,872 on 30 June 2018 to $10,826,281 on 30 June 2019.

Significant Changes in the State of Affairs

There have been no other significant changes in the state of affairs of the parent entity during the financial year or prior year.

3. Consolidated Statement of Profit or Loss and Other Comprehensive Income – see accompanying preliminary financial statements

4. Consolidated Statement of Financial Position – see accompanying preliminary financial statements

5. Consolidated Statement of Cash flow – see accompanying preliminary financial statements

6. Statement of movements in Retained Earnings – see accompanying statement of changes in equity

No dividend has been paid in respect of the 2019 financial year.

7. Dividends Paid or Recommended

8. Dividend or Distribution Reinvestment Plans

No dividend or distribution reinvestment plans in respect of the 2019 financial year.

9. Net tangible assets per security

	30 June 2019	30 June 2018
Number of securities	519,560,000	519,560,000
Net tangible assets per security in cents	1.34	1.40

10. Details of associates and joint venture entities which control has been gained or lost

10.1 Control gained over entities.

N/A

10.2 Control lost over entities.

In December 2018 Victor Group Holdings Limited entered into an agreement dated 17 December 2018 for the sale of the shares of Hong Kong Victor International Enterprise Management Co; Limited (HKV) to Hong Kong Xu Kun International Enterprise Management Co; Ltd (HKXK) for a purchase price of AUD $357,629 which equals HKV's net assets as at 30 November 2018. HKXK is an unrelated party. The transaction was completed by end of 2018. The consideration was paid to the Group subsequent to period-end and the proceeds will be used for general working capital purposes.

11. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

N/A

12. Foreign entities disclosures

The financial report is a genera-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

All amounts are denominated in Australian Dollars.

13. Compliance Statement

The financial statements are in the process of being audited and are not likely to be subject to dispute or qualification.

Signed in accordance with a resolution of the Board of Directors of Victor Group Holdings Limited:

William Hu – Chairman

Dated this 31st day of August 2019

VICTOR GROUP
Enterprise Management

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	Jun-19 $	Jun-18 $
Operating Revenue	3	9,021,032	6,123,437
Cost of sales	4	(8,002,720)	(2,965,346)
Gross profit		**1,018,312**	**3,158,091**
Non-operating revenue		139,030	42,543
Gain on the disposal of subsidiaries	16	498,825	-
General and administrative expenses	4	(528,171)	(1,187,429)
Finance costs		(2,011)	(14,001)
Profit/(loss) before income tax from continuing operations		**1,125,985**	**1,999,204**
Income tax expense	5	(731,779)	(635,934)
Profit/(loss) from continuing operations		**394,206**	**1,363,270**
Profit/(loss) from discontinued operations	15	**(202,637)**	**(586,127)**
Profit for the Year		**191,569**	**777,143**
Other Comprehensive Income for the Year, Net of Tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain differences arising on the translation of foreign operations		53,960	636,973
Foreign exchange translation reserve released upon disposal of subsidiaries		(498,825)	-
Total Comprehensive Income for the Year		**(253,296)**	**1,414,116**
Total Comprehensive Income attributable to the:			
Owner of the Parent		(246,017)	1,416,172
Non-controlling interest		(7,279)	(2,056)
Total Comprehensive Income for the year		**(253,296)**	**1,414,116**
Profit/(Loss) Attributable to:			
Owners of the Parent		208,150	777,722
Non-controlling interest		(16,581)	(579)
Total profit for the year		**191,569**	**777,143**

Earnings/(loss) per share (on loss attributable to ordinary equity holders)		**Cents**	**Cents**
Basic earnings/(loss) per share (cents per share)			
Earnings from continuing operations		0.08	0.26
Loss from discontinued operations		(0.04)	(0.11)
Total	12	**0.04**	**0.15**
Diluted earnings/(loss) per share (cents per share)			
Earnings from continuing operations		0.08	0.26
Loss from discontinued operations		(0.04)	(0.11)
Total	12	**0.04**	**0.15**

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITON
AS AT 30 JUNE 2019

ASSETS	Note	Jun-19 $	Jun-18 $
CURRENT ASSETS			
Cash and cash equivalents	6	1,374,909	498,822
Trade and other receivables	7	10,528,109	9,500,913
Inventory		6,019,919	9,945,159
Other assets		169	40,961
TOTAL CURRENT ASSETS		**17,923,106**	**19,985,855**
NON-CURRENT ASSETS			
Non-current receivables		25,946	-
Property, plant and equipment	8	627,530	3,634,355
Intangible assets	9	3,884,623	3,804,239
Investment in associate	17	48,584	48,584
TOTAL NON-CURRENT ASSETS		**4,586,683**	**7,487,178**
TOTAL ASSETS		**22,509,789**	**27,473,033**
CURRENT LIABILITIES			
Trade and other payables	10	9,349,605	15,432,764
Contracted liabilities		2,131,375	-
Income tax payable		202,528	941,397
TOTAL CURRENT LIABILITIES		**11,683,508**	**16,374,161**
TOTAL LIABILITIES		**11,683,508**	**16,374,161**
NET ASSETS		**10,826,281**	**11,098,872**
EQUITY			
Issued capital	11	3,914,446	3,914,446
Foreign exchange translation reserve		368,886	821,293
Statutory reserves		340,071	472,152
Retained earnings		6,115,579	5,778,124
Total equity attributable to members		**10,738,982**	**10,986,015**
Non-controlling interests		87,299	112,857
TOTAL EQUITY		**10,826,281**	**11,098,872**

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2019

	Issued Capital	Retained Earnings	Foreign Exchange Translation Reserve	Statutory Reserve	Non-controlling interest	Total
	$	$	$	$	$	$
Balance at 1 July 2017	**3,914,446**	**5,184,579**	**182,844**	**287,975**	**-**	**9,569,844**
Profit for the year	-	777,722	-	-	(579)	777,143
Non-controlling interests on consolidation of new subsidiary	-	-	-	-	114,912	114,912
Other comprehensive income	-	-	638,449	-	(1,476)	636,973
Total comprehensive income for the year	**-**	**777,722**	**638,449**	**-**	**112,857**	**1,529,028**
Transactions with owners in their capacity as owners						
Transfer to Statutory reserves	-	(184,177)	-	184,177	-	-
Balance at 30 June 2018	**3,914,446**	**5,778,124**	**821,293**	**472,152**	**112,857**	**11,098,872**
Balance at 1 July 2018	**3,914,446**	**5,778,124**	**821,293**	**472,152**	**112,857**	**11,098,872**
Profit for the year	-	208,150	-	-	(16,581)	191,569
Exchange differences arising on the translation of foreign operations	-	-	44,658	-	9,302	53,960
Realised upon disposal of subsidiaries	-	-	(498,825)	-	-	(498,825)
Total comprehensive income for the year	**-**	**208,150**	**(454,167)**	**-**	**(7,279)**	**(253,296)**
Transactions with owners in their capacity as owners						
Reclassification of statutory reserve upon disposal of subsidiaries	-	132,081	-	(132,081)	-	-
Acquisition of partial interests in a subsidiary	-	(2,776)	1,760	-	(18,279)	(19,295)
Balance at 30 June 2019	**3,914,446**	**6,115,579**	**368,886**	**340,071**	**87,299**	**10,826,281**

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOW
FOR YEAR ENDED 30 JUNE 2019

	Note	Jun-19	Jun-18
CASH FLOWS FROM OPERATING ACTIVITIES		**$**	**$**
Receipts from customers		6,385,354	2,719,328
Payments to suppliers and employees		(6,305,835)	(5,416,498)
Interest received		5,203	1,754
Finance costs		(2,011)	(22,754)
Income tax paid		(742,666)	(424,692)
Government subsidy received		-	40,789
Total operating cash flow		**(659,955)**	**(3,102,073)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(1,103)
Purchase of intangible assets		(531,569)	(2,171)
Proceeds from non-controlling interests		17,161	113,436
Total investing cash flow		**(514,408)**	**110,162**
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance (to)/from related party		2,006,715	(341,153)
Advance from non-related parties		-	3,384,630
Net cash outflow on disposal of subsidiaries		(4,611)	-
Total financing cash flow		**2,002,104**	**3,043,477**
Net increase/(decrease) in cash held		827,741	51,566
Cash at beginning of financial year		498,822	354,951
Effect of exchange rates on cash holdings in foreign currencies		48,346	92,305
Cash at end of financial year	6	**1,374,909**	**498,822**

These financial statements should be read in conjunction with accompanying notes

NOTE 1: Statement of significant accounting policies

This financial report includes the consolidated financial statements and notes of Victor Group Holdings Limited and controlled entities ('Consolidated Group' or 'Group').

Victor Group Holdings Limited listed on the Australian Securities Exchange ("ASX") on 9 May 2014 and is a company limited by shares, incorporated and domiciled in Australia. The Company is a for-profit entity for the purpose of preparing the financial statements.

Basis of Preparation

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards ("IFRS"). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied. All amounts are presented Australian dollar (AUD) which is the group's functional and presentational currency, unless otherwise noted.

Significant accounting polices

a) Change in accounting policies

AASB *15 Revenue from Contracts with Customers* and AASB 9 Financial *Instruments (2014)* became effective for periods beginning on or after 1 January 2018. Accordingly, the Group applied AASB 15 and AASB 9 for the first time to the interim period ended 31 December 2018. Changes to the Group's accounting policies arising from these standards are summarised below:

(i) AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new Standard has been applies as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated.

Revenue arises mainly from consulting services, IT services, IaaS, and sale of information technology ("IT") products. There is no cumulative effect of the initial application of AASB 15 at 1 July 2018 in accordance with the transition requirements based on the assessment by the Group.

(ii) AASB 9 *Financial instruments*

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement*. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

For trade receivables under AASB 15, the Group applies a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing component.

When adopting AASB 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

There is no cumulative effect of the initial application of AASB 15 at 1 July 2018 in accordance with the transition requirements based on the assessment by the Group.

Reconciliation of financial instruments on adoption of AASB 9

The table below shows the classification of each class of financial asset and financial liability under AASB 139 and AASB 9 as at 30 June 2018:

	AASB 139 classification	AASB 9 classification	AASB 139 carrying amount	AASB 9 carrying amount
Financial assets				
Trade and other receivables	Loans and Receivables	Amortised cost	9,500,913	9,500,913
Financial liabilities				
Trade and other payables	Amortised cost	Amortised cost	15,432,764	15,432,764

b) Principle of consolidation

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is expose to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The controlled entity is listed in Note 18 to the financial statements. All controlled entities have a June financial year end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the period then ended. Where controlled entities have entered the group during the period, their operating results have been included from the date control was obtained.

All inter-company transactions and balances between Group companies, including any unrealised profits and losses on transactions, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

c) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realization and settlement of the respective asset and liability will occur.

d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly, all other decreases are charged to the statement of profit or loss and other comprehensive income. Each year the difference between depreciation based on the re-comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation surplus to retain earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office equipment	20%
Building	5%
Motor vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values, lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

f) Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, the Group classifies its trade and other receivables as financial assets at amortised cost upon initial recognition.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items.

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

AASB 9's new forward-looking impairment model applies to Group's investments at amortised cost and debt instruments at FVTOCI. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

g) Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

k) Revenue and Other Income

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Consulting services, IT services, IaaS and PaaS

The Group generally recognises service revenue over time. When the Group's promise requires actual delivery of specified services, the Group recognises the service revenue based on a percentage-of-completion method or straight-line basis, whichever provides a more faithful depiction of the transfer of services. For a service of standing ready to provide goods or services, the Group recognises the service revenue on a straight-line basis during the service period.

Sale of IT products

Revenue from the sale of IT products for a fixed fee is recognised when (or as) the Group transfers control of the assets to the customer. The control is normally transferred at the point in time when the customers takes undisputed delivery of the IT products.

The sale of IT products are always bundled with a range of IT services (such as installation services, software upgrades, technical supports and warranty).

In order to assess whether IT product(s) and IT service(s) in a contract are distinct and therefore give rise to separate performance obligations, the Group considers the following criteria:

- the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer; and
- the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

The Group allocates the transaction price to the identified performance obligations and recognises revenue when (or as) those performance obligations are satisfied.

The sales arrangements often contain an assurance-type warranties, which promises the customer that the delivered IT products are as specified in the contract. Such warranties is accounted for in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Asset. If a warrant provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the promised service-type warranty is a separate performance obligation and the revenue is recognised over the service period.

l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

m) Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST and VAT, except where the amount of GST or VAT incurred is not recoverable from the Tax Office. In these circumstances, the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST and VAT.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST and VAT component of investing and financing activities, which are disclosed as operating cash flows.

n) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share adjust the figures used to determine basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

p) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised of the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions and events specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

q) Intangibles assets

Software are amortised over their useful life of 10 years. Software is amortised over the expected useful life of the software. These lives range from 3 to 10 years.

r) Foreign Currency Transactions and Balances

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of functional currency to presentation currency are transferred directly to foreign currency translation reserve in the balance sheet. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

s) Inventory

Inventories held for sale or resale are recorded at cost or, when no longer required or obsolete, are valued at the net realisable value.

t) Profit or loss from discontinued operations

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale

Profit or loss from discontinued operations, including prior year components of profit or loss, are presented in a single amount in the statement of profit or loss and other comprehensive income.

NOTE 2: Significant events and transactions

On 17 December 2018 the Company entered into a sale and purchase agreement with a third party Hong Kong Xu Kun International Enterprise Management Co; Ltd (HKXK) to sell Hong Kong Victor International Enterprise Management Co,. Limited's (HKV) entire issued share capital at a consideration of 357,629. The disposal was taken in line with the company's strategy to focus on its digital strategy.

HKV and its wholly owned subsidiaries Kesheng Management Consulting (Shanghai) Co., Limited and Qisheng Management Consulting (Shanghai) Co. Limited together as "HKV Group". HKV Group focused on classroom-based training courses and customised consulting services to owners of small to medium sized entities. The Group has been integrating digital technology and resources into its services and initiated its on-line business since 2016. As such, the business conducted by HKV has been decreasing in importance and is considered non-core to VIG's operations. The sale of HKV Group has allowed the company to focus on its digital strategies. Refer to Note 15 for details of discontinued operations.

NOTE 3: Revenue

	Consolidated Group	
	Jun-19	**Jun-18**
	$	**$**
Operating activities		
Provision of training and consulting services	938,528	-
Infrastructure as a Service	670,171	5,027,217
Platform as a Service	6,781,721	-
Cloud Education	630,612	161,011
Gain on the sale of intangible asset (software)	-	935,209
Total Revenue	**9,021,032**	**6,123,437**

NOTE 4: Expenses by nature

	Consolidated Group	
	Jun-19	**Jun-18**
	$	**$**
Cost of sales - inventory	7,372,107	2,965,346
Employee benefits	352,206	251,000
Depreciation and amortization expense	585,332	611,872
Other operating expenses	221,246	324,557
Total	**8,530,891**	**4,152,775**

NOTE 5: Income tax expense

	Consolidated Group	
	Jun-19	**Jun-18**
	$	**$**
The components of tax expense comprise:		
Current tax	731,779	635,934
Current tax expense	**731,779**	**635,934**
Reconciliation of tax expense		
Profit before income tax	1,125,985	1,413,077
Profit from discontinuing operation before income tax	(200,426)	-
	925,559	1,413,077
Prima facie tax payable on profit before income tax at rate of 30%	277,668	423,923
Differences in taxation in foreign subsidiaries	(32,666)	(135,027)
Tax effect of amounts which are not taxable	(150,173)	-
Foreign tax losses not recognised	73,866	247,925
Withholding tax for dividend declared by disposed subsidiaries	494,444	-
Losses in the parent entity not recognised	68,640	99,743
Total income tax expense	**731,779**	**635,934**
The applicable weighted average effective tax rate are as follows:	**65%**	**45%**

The Company is subject to the tax law of Australia and its operating subsidiaries are separately subject to income law of Hong Kong and People's Republic of China (PRC).

The Group is not a tax consolidated group; tax loss incurred by one subsidiary is not deductible for another.

NOTE 6: Cash and cash equivalents

	Consolidated Group	
	Jun-19	**Jun-18**
	$	**$**
Cash on hand	-	2,300
Cash at bank	1,374,909	496,522
Total Cash and cash equivalents	**1,374,909**	**498,822**

Cash at bank as at 30 June 2019 includes Chinese Renminbi denominated equivalent balance of $1,372,041 (RMB6,615,816) (30 June 2018: $481,265, RMB2,359,778) which are held with financial institutions in the People's Republic of China in current accounts.

The Renmimbi is not freely convertible into foreign currencies. Under the PRC (People's Republic of China) Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renmimbi for foreign currencies through banks that are authorised to conduct foreign exchange business. The exchange rate of RMB is determined by the government of the PRC and remittance of funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

NOTE 7: Trade and other receivables

	Consolidated Group	
	Jun-19	**Jun-18**
	$	**$**
Current		
Trade receivables	8,632,521	5,576,587
Other receivables	1,895,588	3,924,326
Total current trade and other receivables	**10,528,109**	**9,500,913**

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. The group does not hold any collateral as security over any receivable balance, nor does it hold any restrictions of title.

NOTE 8: Property, Plant and Equipment

	Consolidated Group	
	Jun-19	Jun-18
	$	$
Office equipment		
At cost	887,426	1,022,376
Accumulated depreciation	(259,896)	(290,058)
Total office equipment	**627,530**	**732,318**
Motor vehicles		
At cost	-	287,649
Accumulated depreciation	-	(240,483)
Total motor vehicles	**-**	**47,166**
Deposit paid for property acquisition		
At cost	-	3,061,214
Accumulated depreciation	-	(206,343)
Total deposit paid for property acquisition	**-**	**2,854,871**
Total Property, Plant and Equipment		
At cost	887,426	4,371,239
Accumulated depreciation	(259,896)	(736,884)
Total Property, Plant and Equipment	**627,530**	**3,634,355**

NOTE 9: Intangible assets

	Consolidated Group	
	Jun-19	Jun-18
	$	$
Software		
At cost	5,192,754	4,596,540
Accumulated amortisation	(1,308,131)	(801,026)
Total Software	**3,884,623**	**3,795,514**
Trademark		
At cost	-	13,032
Accumulated amortisation	-	(5,604)
Total Trademark	**-**	**7,428**
Copyrights		
At cost	-	2,040
Accumulated amortisation	-	(744)
Total Copyrights	**-**	**1,296**
Total Intangible assets		
At cost	5,192,754	4,611,612
Accumulated amortisation	(1,308,131)	(807,374)
Total Intangible assets	**3,884,623**	**3,804,238**

All intangible assets have a finite useful life and are carried at cost less accumulated amortisation and impairment losses; amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives, which have been determined to be 10 years.

NOTE 10: Trade and other payables

	Consolidated Group	
	Jun-19	Jun-18
	$	$
Current		
Trade payables	6,825,438	14,015,683
Employee payables	10,494	41,854
Payable to Related Party	809,120	514,780
Payable to Non-Related Party	1,698,033	-
Other payables (employee)	3,232	853,711
Dividend Payable	1,393	1,393
Other tax payable	1,895	5,343
Total Trade and other payables	**9,349,605**	**15,432,764**

NOTE 11: Issued Capital

	Jun-19	Jun-18	Jun-19	Jun-18
	Shares	Shares	$	$
Shares issued and fully paid:				
Beginning of the year	519,560,000	519,560,000	3,914,446	3,914,446
Share issue	-	-	-	-
Total contributed equity at 30 June	519,560,000	519,560,000	3,914,446	3,914,446

NOTE 12: Earnings per share

Basic earnings per share are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Consolidated Group	
	Jun-19	**Jun-18**
	$	**$**
Net profit attributable to ordinary equity holders of the parent *(continued operations)*	394,206	1,363,270
Net profit attributable to ordinary equity holders of the parent *(discontinued operations)*	(202,637)	(586,127)
Weighted average number of ordinary shares for basic earnings per share	519,560,000	519,560,000
Adjustments for calculation for diluted earnings per share	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	519,560,000	519,560,000

NOTE 14: Cash Flow Information

Reconciliation of Net Profit after Tax to Net Cash Flow from Operations

	Consolidated Group	
	Jun-19	**Jun-18**
	$	**$**
Profit after income tax	191,569	777,143
Depreciation/amortisation	585,332	768,690
Foreign exchange effect	26,403	62,826
Other revenue	-	(935,209)
Gain on disposal not realised	(498,825)	-
Changes in assets and liabilities		
(Increase)/decrease in trade receivables	(3,081,880)	(2,831,473)
(Increase)/decrease in prepayments	22,417	1,418,138
(Increase)/decrease in other receivables	357,469	644
(Increase)/decrease in Inventory	3,925,240	(9,945,159)
Increase/ (decrease) in trade and other payables	(2,192,644)	7,328,198
Increase/ (decrease) in income taxes payable	4,964	254,129
Cash flows from operations	**(659,955)**	**(3,102,073)**

NOTE 15: Discontinued operations

The disposal of Hong Kong Victor International Enterprise Management Co; Limited (HKV) and its subsidiaries (the "HKV Group") was completed by end of 2018 and the financial performance of the HKV Group is reported in the financial statements for the year ended 30 June 2019 as a discontinued operation. The financial performance and cash flow information set out below reflect the operations of HKV Group for the period to the date of disposal.

	From 1 July 2018 to 17 December 2018 $	From 1 July 2017 to 30 June 2018 $
Revenue	-	-
Cost of sales	-	-
Gross profit	**-**	**-**
Non-operating revenue	-	-
Salary expenses	(126,722)	(368,667)
Depreciation and amortisation expense	(59,230)	(156,818)
Other expense	(16,685)	(60,642)
Profit/(loss) before income tax	(202,637)	(586,127)
Income tax expense	-	-
Profit/(loss)after income tax from discontinue operation	(202,637)	(586,127)

NOTE 16: Disposal of subsidiaries

Summary regarding the Disposal (Refer to Note 15) completed during the year ended 30 June 2019 is as follows:

	Jun-19
Consideration receivable:	**$**
Cash	357,629
Total disposal consideration	357,629
Carrying amount of net assets sold	(357,629)
Gain on disposal before reclassification of foreign exchange translation reserve	-
Release of foreign exchange translation reserve	498,825
Gain on disposal	498,825

NOTE 17: Investment in Associate

	Jun-19 Percentage interest	Jun-18 Percentage interest
Taizhou Zhongke Zhiyun Investment Management Co., Ltd.	30%	30%
Henan Huifeng Fund Management Co., Ltd	25%	25%

Investment in Henan Huifeng Fund Management Co., Ltd amounted to $509,863 (RMB 2.5m); amount due in 2027 $458,876 (RMB 2.25m).

Taizhou Zhongke Zhiyun Investment Management Co., Ltd was incorporated at 26 Sep 2017 with registered capital of RMB 10 million. The registered capital is yet to be paid up and is due in September 2037.

NOTE 18: Controlled entities

Controlled entities consolidated	Country of Incorporation	Percentage owned (%)	
Subsidiaries of Victor Group Holdings Limited		**Jun-19**	**Jun-18**
Hong Kong Victor International Enterprise Management Co., Limited	Hong Kong	-	100%
Kesheng Management Consulting (Shanghai) Co., Limited	China	-	100%
Qisheng Management Consulting (Shanghai) Co., Limited	China	-	100%
Synergy One Holdings Limited	Cayman	100%	100%
Pride Green Limited	BVI	100%	100%
True Prosper Group Limited	BVI	100%	100%
Great Prospect Corporation Limited[6]	Hong Kong	100%	100%
Yiya Investment Management (Shanghai) Co., Limited	China	100%	100%
Jiangsu Wenhan Information Technology Co., Limited	China	100%	100%
Concord Orient Limited	BVI	100%	100%
Tech Source Limited	Hong Kong	100%	100%
Yunjiao (ZJK) Technology Co., Ltd	China	100%	100%
Zhangjiakou Zhitou Yunjiao Information Technology Co., Ltd	China	51%	40%